

Message Text

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PAGE 01 STATE 214055
ORIGIN PM-05

INFO OCT-01 AF-10 ISO-00 TRSE-00 SS-15 L-03 CIAE-00
H-01 INR-10 NSAE-00 NSC-05 PA-01 SP-02 ICA-11
MCE-00 ACDA-12 AID-05 HA-05 OMB-01 /087 R

DRAFTED BY PM/SAS:COCECIL:RG
APPROVED BY PM/SAS:HMCELROY
TREASURY:CCROSSWHITE
T:WMARSH
AF/E:LJANOWSKI
L/PM:TBOREK
DOD/DSAA:RHAMMOND (SUBS)
-----086833 231720Z /47
R 231637Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI
INFO SECDEF WASHDC 1048

C O N F I D E N T I A L STATE 214055

E.O. 11652: GDS

TAGS: MASS, KE

SUBJECT: ADDITIONAL \$12 MILLION FMS FINANCING FOR FY 78

REF: (A) STATE 191857 (B) STATE 178096

1. WE NEED TO KNOW SHORTLY WHETHER GOK INTENDS TO ACCEPT
THE ADDITIONAL \$12 MILLION IN FMS FINANCING OFFERED AT
TIME OF PRESENTATION OF JOINT STATE/DEFENSE SURVEY REPORT.
LOAN AGREEMENT MUST BE SIGNED BY SEPTEMBER 29 (LAST
WORKING DAY OF FISCAL YEAR) AT THE LATEST. IN ADDITION,
SINCE FUNDS HAVE BEEN OBTAINED BY REALLOCATING FUNDS
ORIGINALLY REQUESTED FOR OTHER COUNTRIES, WE ARE REQUIRED
BY LAW TO NOTIFY THE CONGRESS OF THIS REALLOCATION AND
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PAGE 02 STATE 214055

TO THEN ALLOW A FIFTEEN DAY REVIEW PERIOD TO PASS BEFORE
CONCLUDING A LOAN AGREEMENT.

REALIZE THAT DURING NEXT FEW
DAYS ANY REPRESENTATIONS OF THIS NATURE WILL BE VIRTUALLY
IMPOSSIBLE BUT AT FIRST CONVENIENT OPPORTUNITY EMBASSY
SHOULD RAISE THIS QUESTION WITH APPROPRIATE AUTHORITIES.

AT THAT TIME, YOU MAY PASS FOLLOWING INFORMATION ON PROPOSED LOAN.

2. PURPOSE OF LOAN: TO PURCHASE DEFENSE ARTICLES AND SERVICES RECOMMENDED IN THE SURVEY REPORT.

3. PROCEDURES AND TERMS OF LOAN AGREEMENT: LOAN AGREEMENT WILL BE PREPARED BY FEDERAL FINANCING BANK AND WILL BE SIMILAR TO ONE SIGNED DECEMBER 1977. TERMS OF LOAN WILL CALL FOR PRINCIPAL TO BE REPAID IN SEVENTEEN APPROXIMATELY EQUAL SEMI-ANNUAL PAYMENTS OF \$706,000 COMMENCING SEPTEMBER 15, 1980, WITH INTEREST PAYMENTS DUE SEMI-ANNUALLY BEGINNING MARCH 15, 1979. DISBURSEMENT PERIOD WILL END TWENTY-FOUR MONTHS AFTER SIGNATURE OF LOAN AGREEMENT. DEPARTMENT OF DEFENSE WILL GUARANTEE LOAN, FOR WHICH GOL WILL PAY GUARANTY FEE OF \$30,000 (THIRTY THOUSAND DOLLARS) FROM ITS OWN RESOURCES.

4. AT TIME OF SIGNING LOAN AGREEMENT IN WASHINGTON, GOK REPRESENTATIVE MUST PROVIDE FOLLOWING:

A. GUARANTY FEE CHECK PAYABLE TO "TREASURY OF THE UNITED STATES.'

B. COPY OF AUTHORIZATION BY GOK TO ITS REPRESENTATIVE TO SIGN LOAN AGREEMENT. THIS IS NORMALLY THE AMBASSADOR, CONFIDENTIAL

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PAGE 03 STATE 214055

BUT COULD BE ANY OTHER OFFICIAL GOK CARES TO DESIGNATE. IF AMBASSADOR REMAINS AWAY DURING COMING WEEKS, AUTHORIZATION MIGHT BEST STATE "AMBASSADOR OR IN HIS ABSENCE THE CHARGE D'AFFAIRES." IN ADDITION, BEFORE FUNDS MAY BE DISBURSED, SIMILAR WRITTEN AUTHORIZATION(S) ARE REQUIRED FOR PERSON(S) TO SIGN ON BEHALF OF GOK (1) PROMISSORY NOTE AND (2) OTHER DOCUMENTS CONTEMPLATED BY LOAN AGREEMENT SUCH AS REQUESTS FOR ADVANCES OF FUNDS.

5. REQUIRED AUTHORIZATIONS MAY BE PROVIDED IN SINGLE DOCUMENT OR IN SEPARATE DOCUMENTS. THEY MAY BE IN ANY WRITTEN FORM, INCLUDING CABLED INSTRUCTIONS TO GOK EMBASSY WASHINGTON, SO LONG AS THEY ARE IN ENGLISH.
CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY SALES, FINANCIAL AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE214055
Document Source: CORE
Document Unique ID: 00
Drafter: COCECIL:RG
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780345-0102
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780832/aaaabagl.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9fbb305d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 191857, 78 STATE 178096
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1645328
Secure: OPEN
Status: NATIVE
Subject: ADDITIONAL \$12 MILLION FMS FINANCING FOR FY 78
TAGS: MASS, KE, FMS
To: NAIROBI
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9fbb305d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014